

Top Secret

19

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Friday 28 October 1977

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National Intelligence Daily Cable for Friday, 28 October 1977.

The NID Cable is for the purpose of informing senior US officials.

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CONTENTS

BRAZIL - Western Europe: Nuclear

Page 2

USSR: Political Vigilance Campaign

Page 4

ROMANIA: Concessions Backfire

Page 6

CZECHOSLOVAKIA: Human Rights

Page 6

ECUADOR: Cover-up Continues

Page 9

CHINA: Wage Increases

Page 10

SOUTH AFRICA - NAMIBIA: Military

Page 12

GHANA: Acheampong Rebounds

Page 14

SOUTH AFRICA: Soweto Student Plans

Page 15

SPAIN: Agreement on Measures

Page 16

BRIEF:

Page 17

Yugoslavia

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BRAZIL - WESTERN EUROPE: Nuclear

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[REDACTED] //In anticipation of President Carter's visit next month, the Brazilian Government is intensifying its attempt to ensure that it will acquire enriched uranium from the West German - Dutch - British Urenco group and sensitive nuclear technology from West Germany. The West Europeans are aware of US concern about Brazil's nuclear program but are eager to court Brazil not only as a nuclear client but also as an economic partner in other fields and as a political ally on global issues.//

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[REDACTED] //Last month, Brazilian officials and Dutch Foreign Minister Van der Stoep agreed in principle to a Brazilian safeguards program that satisfies Dutch conditions for supplying Brazil, through Urenco, with enriched uranium for the Angra II and III reactors to be built by West German firms. The program is not significantly stricter than that already provided for in the Brazil - West Germany - IAEA safeguards agreement, but the Dutch believe it is no longer possible to impose wider safeguards or to prevent the Brazilians from reprocessing nuclear fuel by imposing restraints on fuel supply.//

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[REDACTED] //Last week, the new French Ambassador to Brazil said publicly that his government could export enriched uranium. He refused to say whether French fuel could become an alternative to US fuel for Brazil's Angra I reactor, but he confirmed that a Brazilian request would receive serious consideration in Paris. Brazilian officials are certain to view a French offer as a way to reduce their vulnerability on nuclear issues.//

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[REDACTED] //Authoritative Brazilian press sources have also reported that senior Brazilian officials are already in Bonn to sign a contract to acquire a nuclear fuel reprocessing plant.

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[REDACTED] One West German firm involved has denied that a contract for a plant will be signed, but the Brazilians may be seeking some assurances about the reprocessing deal. The West Germans probably also want to allay Brazilian concern over the slow progress in the implementation of the nuclear accord. [REDACTED]

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USSR: Political Vigilance Campaign

[redacted] //A Central Committee letter on the need for more ideological vigilance is supposedly being discussed at closed Communist Party meetings throughout the USSR. [redacted]

[redacted] The letter deals with the adverse effects on Soviet citizens of contacts with foreigners, foreign books, and foreign broadcasts. The latter are considered to pose the greatest danger. Those attending the discussions are being encouraged to brief their associates on the letter and to point out the dangers of exposure to foreign influence and the importance of vigilance.

[redacted] The US Embassy in Moscow has also heard rumors of a recent crackdown on private, secondhand book dealers who operate out of their apartments or engage in furtive selling in the streets. Soviet security forces allegedly harassed a number of these book dealers and confiscated their foreign language publications that had been translated into Russian.

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[redacted] Soviet leaders have addressed these problems before and periodically warned against "reactionary" ideology and propaganda, but they have not conducted a campaign of this magnitude in a number of years. The method they chose to implement the decree suggests the Soviet authorities' desire to keep the campaign discreet; they possibly took into consideration the chances that it would be raised at the Conference on Security and Cooperation in Europe at Belgrade.

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ROMANIA: Concessions Backfire

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[REDACTED] //Romanian President Ceausescu's recent attempts to allay discontent by granting token concessions to coal miners of the Jiu Valley region apparently are backfiring. Other workers in the same region now are demanding a pay raise and the fringe benefits accorded to the miners.//

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[REDACTED] //The controversy aroused by the 5-percent pay raise and other benefits to coal miners working underground is ironical because they were marginal sweeteners in a package of tough measures that included the introduction of a military-style discipline in the mines. The pay increase was part of new five-year contracts [REDACTED]

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[REDACTED] //The concessions to the Jiu Valley coal miners resulted from a three-day work slowdown in August that led to a personal confrontation with Ceausescu. The miners' complaints concerned reduced pension benefits and other austerity measures adopted by the regime to compensate for mounting labor and energy shortages.//

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[REDACTED] //Worker disturbances have been reported in five other industrial facilities, but the regime considers the coal mining incidents the most serious because of the need to supplement dwindling oil and gas reserves. [REDACTED]

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CZECHOSLOVAKIA: Human Rights

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[REDACTED] Czechoslovak dissidents have been encouraged by Western criticism of Prague's recent trial of four human rights activists.

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[REDACTED] Dissident spokesman Jiri Hajek--Czechoslovak foreign minister in 1968--recently told a friend that the trial this month and the resulting negative foreign reactions may stimulate more domestic interest in the Charter 77 movement. He believes the dissidents should seize this opportunity to seek more support from workers and young people, especially outside Prague.

25X1 [] Hajek provided no sense of how or why the dissidents can expand their following when they have failed in the past. The public apparently remains indifferent to their cause; the regime keeps close watch on the dissidents and would move quickly to crack down if there were signs of new vigor.

25X1 [] Differences among Charter 77 supporters are becoming more evident, and this will also hamper efforts to gain new impetus. Old splits between Marxists and non-Marxists have reopened, and even a Trotskyite faction has reportedly formed. One issue among the dissidents apparently is whether to use illegal methods to advance their objectives. A majority, including Hajek, seems to favor remaining within the confines of the law, but a minority is vigorously advocating illegal tactics. []

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ECUADOR: Cover-up Continues

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[REDACTED] //Ecuadorean Government leaders are persisting in their attempts to avoid responsibility for the 18 October clash between workers and police at a sugar mill outside Guayaquil, which reportedly claimed the lives of 114 workers. Although sporadic antigovernment demonstrations are continuing, the failure of organized labor to mount an effective nationwide protest could allow the government to ride out the storm.//

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[REDACTED] The cabinet on Wednesday officially approved the actions of the Ministers of Government and Labor during the incident. Political parties and labor unions charged the police had used excessive force and demanded that the ministers be dismissed. The two ministers subsequently were empowered to pursue the government's confidential investigation of the incident.

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[REDACTED] The cabinet repeated earlier official claims that labor agitators were responsible for the bloodshed. It also alleged that the protest demonstrations are an effort to thwart government plans for a return to civilian rule next year.

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[REDACTED] Up to now, the spontaneous but violent antigovernment demonstrations that have occurred appear to have been the work of students and relatives of the dead workers; most have been concentrated in the Guayaquil area. The unions have not succeeded in coordinating protests on a national level, although sympathy strikes at four mills have brought production of sugar--a major Ecuadorean agricultural product--to a virtual standstill.

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[REDACTED] //The necessary ingredient for any broader protest is the participation of the powerful transport workers' union. Despite the urgings of leaders of other unions, however, the transport workers may not be disposed to defy the government in its present repressive mood.// [REDACTED]

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CHINA: Wage Increases

25X1 [] China's announcement that a portion of the nonfarm labor force will be granted wage increases seems to be an effort to placate the workers while the leadership attempts to update a wage scale that has remained basically unchanged for more than a decade. The new increases--apparently to be retroactive to 1 October--are the first since a mixture of limited raises and compensation for bonuses lost during the Cultural Revolution were implemented in 1972, and they will be certain to improve the morale and perhaps the productivity of the more than 50 percent of the workers who will benefit. The limited scope of the increases and the criteria governing which workers are to get pay hikes, however, are likely to generate labor problems []

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25X1 [] The public announcement of the raises at a session of the Standing Committee of the National People's Congress did not spell out details of their implementation. [] the in-
creases will primarily take the form of promotions for workers who are on the two lowest steps of China's eight-step wage scale and have long terms in grade--possibly as much of ten years--and raises for selected workers in the higher pay grades.

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25X1 [] The wage scale, in effect since 1963, will not, for now at least, be altered. All promotions and raises will be based on each worker's ratings in four criteria: political attitude, attitude toward work, productivity, and skill level. The qualifications of workers in the lowest grades, however, are bound to be far less stringently reviewed than those of people in higher grades.

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[] The economic report promised an additional review of wage policy for those who will not benefit from the current increases. In particular, a review of the issue of production bonuses, or other material incentives, appears under way. At issue are both economic and political considerations.

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[] Material incentives for increasing labor productivity have been politically controversial for more than a decade. Articles published recently in the Chinese propaganda reviewing both sides of the debate have reaffirmed the ideological sensitivity of the issue and the possibility that a decision has not yet been reached.

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[] Peking also has yet to calculate the price of a more far-reaching wage adjustment; the leadership probably is not certain what the bill will be even for the current increase.

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[] Review of the wage policy appears to be part of a more general review revealed in the economic report. Peking will also study the price structure of the products used in producing agricultural goods--prices the report said are now too high--and the prices of some farm goods--some of which it said are now too low. Peking has done this in the past, but public reaffirmation of the policy should comfort the peasants--over three-fourths of China's population--who might otherwise feel left behind while industrial laborers receive increases in incomes that were higher to begin with than those of China's farmers. []

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SOUTH AFRICA - NAMIBIA: Military

[redacted] During a recent visit to Namibia, an officer of the US Embassy in South Africa found significant discrepancies between the actual status of the paramilitary units South Africa has recruited in Namibia's ethnic regions and the position South Africa has presented to the Western contact group about these units. If statements by the South African military commander in Namibia reflect Pretoria's actual position, there will be further difficulties in the Western effort to devise an internationally acceptable independence program for Namibia.

[redacted] The Western contact group has maintained to the South African Government that the formation of military units in the ethnic "homelands" is contrary to the UN goal of preparing Namibia for independence as a unitary state. The South Africans have responded in recent talks in Pretoria with the Western

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group that the paramilitary units being formed in the "homelands" are intended primarily for routine police duties. Last week, a senior South African official went so far as to imply that recruiting for the ethnic battalions had ceased in response to the Western position.

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[] The US Embassy officer received contrary information during his visit to Namibia last week. The commander of South African forces in Namibia told him that the ethnic battalions will function as regular "tactical infantry" units. Later, the Embassy officer learned that one such battalion, an Ovambo unit, had been taking part in antiguerrilla operations.

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[] The issue is important because South Africa may still hope to push Namibia toward early independence as a loose federation. In such a federation, the ethnic "homelands" would have considerable autonomy--and perhaps be dependent on South Africa economically and for their defense. If this is the South African strategy, the ethnic battalions could play an important role in it.

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[] It is possible, however, that some of the discrepancies between South African representations to the Western contact group and the military commander's concept of the role to be played by the ethnic units reflect a lag between planning in the Defense Ministry and recent shifts in a negotiating position that is being formulated in the Foreign Affairs Ministry.

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[] Compared with the Ovambo battalion, the other ethnic battalions seem to be faring poorly or are just getting off the ground. The Jvango unit, also among the first to be formed, has raised only 160 qualified recruits, and some admission standards have now been lowered. The Caprivi unit has only 22 members.

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[] //According to the commander, ethnic units other than those in Ovamboland and Okavangoland are being grouped into a single battalion. []

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[] If the commander's account is accurate, most if not all of the ethnic units whose formation was announced over the last few months are probably no further than the recruitment

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stage. The South Africans may be assigning them to a single unit for administrative purposes while recruitment continues and training programs are set up.

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[] The Ovambo unit had just returned from a two-week-long operation when the Embassy officer visited their camp in northern Namibia. The commander's statements suggested that the mission was probably intended to serve as a frontier training exercise. According to the commander, the battalion made no contact with guerrillas of the South-West Africa People's Organization but made a favorable impression among the local Ovambo tribesmen with civic action work. []

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GHANA: Acheampong Rebounds

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[] General Acheampong, head of Ghana's five-year-old military junta, appears in the past three months to have strengthened his political position and is now making a determined bid to retain power under a future civilian government. Following a wave of strikes by students and professional groups disgruntled with military rule, in July Acheampong pledged to step aside and return power to an elected civilian regime by July 1979. His civilian opponents subsequently became disunited, and Acheampong has been adroitly rebuilding his political base.

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[] Acheampong is now pushing a "union form" of civilian government for Ghana. Its main outlines were disclosed earlier this month in a report by a government-appointed drafting committee. The report calls for a constitutional government with a president, vice president, and a unicameral legislature, all to be elected directly by the populace. It recommends that formal political parties, which Acheampong has said are not in Ghana's best interest, not be involved in the electoral process.

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[] The constitution would also guarantee human rights and freedom of the press, an independent judiciary, and important advisory positions for senior members of the military and police. A referendum is scheduled in March 1978 to approve this proposed governmental structure.

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[] The Ghanian leader, who has recently been stumping in the countryside, seems well on his way to sewing up his future election to the presidency. Acheampong has sought to win the support of Ghana's traditional tribal leaders by praising them and by promising local pork barrel projects.

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SOUTH AFRICA: Soweto Student Plans

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[] *The Soweto Student Representative Council has come up with yet another group of leaders in the wake of the extensive arrests and bannings in South Africa that began on 19 October. The new leaders, however, appear to be maintaining close contact with those now in jail and are only slowly beginning to make plans for protest activities.*

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[] According to three student council members who visited the US Consulate in Johannesburg on Wednesday, the council now sees itself as carrying the banner for all the banned black

organizations that have been driven underground by the government's action. The students point out that they are being pushed increasingly into the arms of the long-banned African National Congress, which has initiated a few terrorist incidents in the past year. The students say they will need arms and explosives, and the ANC is willing to supply these as well as training in guerrilla tactics.

25X1 [] The new chairman of the Soweto Student Representative Council, Kindom Lalwane, does not seem to relish the thought of slugging it out with the South African security forces, and he and most students probably still prefer a nonviolent approach to bringing about change. This attitude may be due in part to reports that South African security forces are thus far treating well the detained black leaders. If the security forces abuse the prisoners and the students obtain arms, the mood among Soweto blacks could quickly become violent.

25X1 [] For the time being, the students are planning first to oppose government plans in Soweto to elect black community councils and to implement rent increases that were postponed following widespread black opposition earlier this year. The students will also try to disrupt the white-run economy by staging work boycotts. They are already organizing a week-long stoppage that will include attempts to disrupt commuter transport into Johannesburg. []

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SPAIN: Agreement on Measures

25X1 [] *Spanish Prime Minister Suarez and opposition leaders yesterday reached agreement on political and social measures that complement the economic accord signed earlier this week. The new pact, signed by all major parties except the rightist Popular Alliance, will bolster Suarez' recent efforts to regain the political initiative.*

25X1 [] The new agreement proposes the establishment of a special police unit to fight urban guerrillas. It also outlines steps toward demilitarizing the paramilitary Civil Guard and Armed Police by placing them directly under the Interior Ministry--except, apparently, in case of national emergency. The accord provides for a further depoliticizing of the armed forces by limiting military jurisdiction, which until now included any crimes involving attacks on members of the security forces, to crimes committed on military installations.

25X1 [] Leftist leaders balked at proposals to give the police special powers of search and arrest in terrorist cases--a government bow to rightist and military outcries over recent violence. Although the government's bill on this question was not included in yesterday's agreement, it will be submitted to parliament for debate.

25X1 [] Government and opposition leaders also agreed to decriminalize adultery and to legalize the sale of contraceptives--two demands of leftist pressure groups. []

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BRIEF

Yugoslavia

25X1 [] Yugoslav President Tito, reportedly fatigued after his recent travels, has postponed a state visit by Egyptian President Sadat that was to take place this weekend. According to the Egyptian Embassy in Belgrade, the 85-year-old Yugoslav leader is under doctors' orders to take a three-week rest. A Yugoslav press spokesman, the Egyptians reported, stated that Tito is not ill but merely over-tired. At Tito's age, this may be a distinction without a difference, but he frequently takes such rests after which he vigorously resumes his duties.

25X1 [] Although the official line is plausible, Tito may also be withdrawing from view to devote full attention to resolving the widely publicized rift with his wife. Tito's last reported activity two days ago was a meeting with Vladimir Bakaric, a regime senior who will lead the Yugoslav delegation to the anniversary celebrations beginning in Moscow next week. []

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